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Congress Sends \$168 Billion Economic Stimulus to Bush

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The U.S. Congress passed and sent to President George W. Bush a \$168 billion economic stimulus package that he said is needed to help boost the slowing economy.

The legislation would send tax rebate checks to more than 111 million households, probably beginning in May. Lawmakers yesterday altered an earlier plan by making 20 million senior citizens and 250,000 disabled veterans eligible for the rebates. Bush said he will sign the measure.

"I want to thank the members for passing a good piece of legislation, which I will sign into law next week," Bush said today in a speech to the annual Conservative Political Action Conference in Washington.

In addition to the rebates and incentives for businesses to invest in new equipment, the measure increases the size of mortgage loans that government-chartered mortgage-finance companies Fannie Mae and Freddie Mac can buy.

"We're facing an uncertain economy," Senate Majority Leader Harry Reid said after the House and Senate approved the measure. "This plan will help millions of Americans, tens of millions of Americans."

Economic growth in the fourth quarter slowed to a 0.6 percent pace, and U.S. employers cut jobs in January for the first time in four years, raising concern among some economists that the economy may slip into a recession.

The stimulus package would cost the Treasury about \$151.7 billion this year and an additional \$16.3 billion next year, according to the Joint Committee on Taxation.

Unemployment

The measure passed after Senate Democrats agreed to Republican demands to delete provisions extending unemployment benefits and boosting funding for home-heating assistance.

Republicans said those provisions would delay final action of the measure and might persuade Bush to veto it. Senate Republicans agreed to add rebates for seniors and disabled veterans.

Senate Republican leader Mitch McConnell of Kentucky said the congressional action demonstrates that lawmakers ``are concerned about the slowing of our economy, and we want to do something about it very quickly."

Senator Charles Schumer, a New York Democrat, said the legislation was a compromise.

``It's not everything we want," Schumer said of the measure approved yesterday. ``But it's still a very good package, and we feel very good about it."

\$300 Checks

The measure would send \$300 tax-rebate checks to those whose Social Security benefits, veterans' disability payments and earned income totaled at least \$3,000 last year. Those who earned enough to pay federal income taxes would receive more, with individuals eligible for as much as \$600. Couples could receive \$1,200 plus \$300 for each child.

Lawmakers agreed to phase out rebates for individuals earning more than \$75,000 and couples earning more than \$150,000. Lawmakers also amended the legislation to ensure that illegal immigrants couldn't receive the checks.

Treasury Secretary Henry Paulson said the first rebate checks would go out in May, and the distribution would be done by the end of the U.S. summer.

``We at Treasury and the IRS have our work cut out for us," he said after the votes last night. ``We're trying to do something we've never done before," and ``so we're going to move quickly and make a difference."

Paulson encouraged taxpayers to file their 2007 tax returns early.

Bonus Depreciation

The legislation doubles the amount of equipment costs a small business can expense in the first year to \$250,000 and allows a 50 percent bonus depreciation for businesses that buy major equipment.

Fannie Mae and Freddie Mac, the government-sponsored mortgage finance companies, will be allowed to buy loans worth as much as \$729,750 between July 31, 2007, and Dec. 31, 2008, an increase over the current \$417,000 loan limit. The move may help struggling homeowners refinance large mortgages at a lower interest rate. It will also allow the Federal Housing Administration to insure loans as high as \$729,750 in expensive markets.

Lawmakers waived so-called paygo rules requiring them to offset that expense with savings elsewhere in the budget to avoid adding to the deficit.

`Moderate the Anxiety'

Senator Charles Grassley of Iowa, the ranking Republican on the Finance Committee who cosponsored the Senate bill with panel chairman Senator Max Baucus of Montana, said the measure should ``moderate the anxiety that people have over the economy now."

The decision by Senate Democratic leaders to drop the jobless aid was made just a few hours after House Speaker Nancy Pelosi, a California Democrat, called for the Senate to add the rebates for retirees and disabled veterans and end the protracted debate.

``I don't think any change in the bill is really worth the delay," Pelosi said.

Democratic and Republican senators have talked about additional economic stimulus bills that would revive some of the proposals lost in yesterday's compromise and add other ones such as increases in infrastructure spending.

``What's most important is that we do not suspend our efforts to provide relief to the unemployed and heating assistance to low-income families," said Senator Olympia Snowe, a Maine Republican who supported the Senate Finance Committee bill. ``The work of the United States Congress is far from over."